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UNCLAS COLOMBO 001887

SIPDIS

DEPT FOR SA/INS AND OES/ETC
TREASURY FOR GEETHA RAO AND CARRIE MCKELLOGG

E.O. 12958: N/A

TAGS: [EAID](#) [ECON](#) [CE](#) [ECONOMICS](#)

SUBJECT: SRI LANKA: REQUEST FOR DEBT RELIEF UNDER TROPICAL
FOREST CONSERVATION ACT

1. This is an action request. Please see para. 3.

2. The Ambassador received the following letter dated September 19 from K.N. Choksy, Minister of Finance and Planning, requesting consideration under the Tropical Forest Conservation Act (TFCA).

Begin Text: Further to the recent informal discussions held between your staff and the Ministry of Environment and Natural Resources, I wish to indicate that the Government of Sri Lanka is interested in looking into the possibilities of treating some or all of its outstanding USAID and/or PL-480 debt under the Tropical Forest Conservation Act mechanism.

Accordingly, I would be grateful if you would kindly inform the relevant authorities of the United States Department of Treasury of our interest in this regard and request them to take such steps as are necessary to initiate this process.

I should stress that this initiative is being taken purely by way of exploration of the possible benefits to Sri Lanka and that the Government of Sri Lanka will take a decision on this matter only after the mutual benefits and obligations involved are fully assessed and understood. End Text.

3. Action Request: Post requests the Department of Treasury to determine whether Sri Lanka meets TFCA eligibility criteria. Post supports the Sri Lankan request. Please advise.

WILLS